Scam in Satyam Computers

†*109. SHRI MOTILAL VORA: Will the Minister of CORPORATE AFFAIRS be pleased to state:

(a) the date on which the scam in Satyam computers had come to the notice of Government;

(b) the loss incurred by the company due to manipulation of records by the managers;

(c) whether the auditors of the company have been found responsible for this;

(d) the action taken by Government against the culprits;

(e) the steps taken by Government to protect the interests of the investors; and

(f) the steps taken by Government to check this kind of cheating with the investors by other companies in future?

THE MINISTER OF CORPORATE AFFAIRS (SHRI PREM CHAND GUPTA): (a) January 7, 2009.

(b) On the statement by Shri B. Ramalinga Raju, the former chairman of Satyam Computer Services Limited, as to the presence of misstatements and falsification in the published financial statements of the Company, the Company suffered in terms of loss of credibility before its stakeholders, including its shareholders, employees and customers in a manner which jeopardized the future continuity of its business and operations and its very survival. In view of complex nature of the issues involved, financial losses incurred due to the said event and its consequences cannot be quantified.

(c) to (e) The Ministry has ordered investigation into the affairs of the Company under the Companies Act, 1956, by officers drawn from the SFIO, to ascertain factual position including the role of its statutory auditors and the investigation is under progress. The Ministry has also asked the Institute of Chartered Accountants of India (ICAI) to look into the matter with regard to the financial reporting by the company, the role and manner of discharge of the statutory functions by its auditors, compliance with the accounting and auditing standards as well as the provisions of the Companies Act, 1956. In addition, investigations are also being carried out on by CBI, SEBI, Income Tax Authorities, etc. The Government has also suspended the previous Board of Directors and appointed six new Directors on the Board of the Company with the due approval of Company Law Board given *vide* its order dated 9.1.2009. The new Board is taking all possible steps to continue the operations and the business of the Company and to safeguard the interests of all its stakeholders.

(f) Disclosures about the affairs of companies intended to inform the stakeholder the truth about the state of affairs of companies, have been mandated under the Companies Act, 1956. To facilitate making of such disclosures by companies, and for stakeholders and regulatory agencies to easily access and view them, Government has set up an electronic registry with round the clock

†Original notice of the question was received in Hindi.

access through internet. The Government has powers of inspection of the books of accounts of companies and also to investigate their affairs, if need be, under the Companies Act, 1956. In addition, the Act provides for appointment of independent, statutory auditors to audit the accounts and report to the shareholders. Such audited accounts are also displayed on the electronic registry for general viewing. While the reporting requirements are regulated under the Companies Act, 1956, the conduct of auditors is regulated under the Chartered Accountants Act, 1949. In addition, for listed companies, compliance with these statutory requirements is required to be certified by a company secretary in practice, who in turn is regulated under the Company Secretaries Act, 1980. Government has amended the Chartered Accountants Act, 1949 and the Company Secretaries Act, 1980 in 2006 to provide for a more effective disciplinary mechanism to deal with cases of misconduct by Chartered Accountants, Company Secretaries respectively. In 2006, the Government has notified Accounting Standards to enable accounts of companies to be drawn up and disclosed on the basis of fair, transparent and internationally accepted principles. The Government has also introduced Companies Bill, 2008 in the Lok Sabha to provide for a comprehensive revision of the Companies Act, 1956 including, *inter alia*, provisions that would enable more effective checks against irregularities/frauds by companies.

Investment by oil companies

†*110. SHRI RAM JETHMALANI:
SHRI RAJ MOHINDER SINGH MAJITHA:

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether it is a fact that the Planning Commission has expressed its serious concern over the investment of public assets in other sectors and investment to create special capacities by the public sector oil companies of the country;

(b) if so, the details thereof;

(c) whether it is also a fact that there is neither any monitoring mechanism nor any directive or guidelines of Government on investments being made by these oil companies;

(d) if so, the detail thereof; and

(e) whether Government has taken any perspective action keeping in view the concerns of the Planning Commission?

THE MINISTER OF PETROLEUM AND NATURAL GAS (SHRI MURLI DEORA): (a) and (b) During finalization of Annual Plan proposals of public sector oil companies for 2009-10, the Planning Commission had, *inter alia*, observed that with global demand projected to fall, India's private sector refineries are seeking entry into the domestic market. As a result, domestic public sector refineries will be made to compete, resulting in considerable under utilization of domestic public sector refining

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